

STATEMENT OF CONSIDERATION RELATING TO

805 KAR 1:140
Amended After Comments

Energy and Environment Cabinet
Department for Natural Resources
Division of Oil and Gas

I The public hearing on 805 KAR 1:140 scheduled for May 26, 2015 at 10:00 am was canceled. However, written comments were received during the public comment period.

II The following person submitted written comments:

<u>Name and Title</u>	<u>Affiliation</u>
Andrew McNeill, Executive Director	Kentucky Oil and Gas Association
Emily Harkenrider, Legislative Analyst	Legislative Research Commission

III The following people from the promulgating administrative body responded to the written comments:

<u>Name and Title</u>	<u>Affiliation</u>
Steve Hohmann, Commissioner	Department for Natural Resources
Kim Collings, Director	Division of Oil and Gas
Marvin Combs, Asst. Director	Division of Oil and Gas
Michael Mullins, Regulation Coordinator	Department for Natural Resources
Lance Huffman, Attorney	Office of General Counsel

IV Summary of Comments and Responses

(1) Subject Matter: Paperwork Submittal Timeline

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

Section 2(4) – p. 4 lines 9-10: Paperwork required within ten (10) days from the date of completion is a very tight timeline. Gathering reports from contractors to complete the required forms will be challenging. KOGA recommends the regulations require the information be filed within thirty (30) days from the date of completion.

(b) Response: The department agrees with the commenter and will make the appropriate changes to the administrative regulation.

(2) Subject Matter: Survey Intervals

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

Section 2(4)(c) – p. 4 lines 18-22: In the case of a 5,000' lateral, an operator would be required to survey an additional 120 times. At 10 minutes per survey, this could mean an additional 20 hours of drilling time. This is a significant additional expense that provides insignificant benefits. KOGA recommends surveys be required no more than 200' apart. This translates operationally to every two stands of pipe. This requirement is consistent with many other states.

(b) Response: The department agrees with commenter and will make the appropriate changes to the administrative regulation.

(3) Subject Matter: Codified Version of SB 186.

(a) Comment: Andrew McNeill, Kentucky Oil and Gas Association.

Where applicable, KOGA recommends the Department use the newly codified version of SB 186 within the final proposed regulations.

(b) Response: The department agrees with commenter and will make the appropriate changes to the administrative regulation.

(4) Subject Matter: Technical Amendments

(a) Comment: Emily Harkenrider, Legislative Research Commission.

LRC staff made several comments to ensure compliance with KRS 13A.

(b) Response: The department agrees with the commenter and will make the appropriate changes to the administrative regulation.

V. Summary of Statement of Consideration and Action Taken by Promulgating Administrative Body

805 KAR 1:140. Directional and horizontal wells. Comments were considered and the following changes are suggested:

Page 1

RELATES TO

Line 7

After "353.050, 353.060,", insert the following:

353.180, 353.510, 353.520, 353.561 – 353.564, 353.590,
353.5901, 353.592, 353.610, 353.651, 353.652, 353.6601 –
353.6606, 353.730, 353.737, 353.991, Chapter 424

Delete the remainder of the RELATES TO paragraph in its entirety.

Page 1

NECESSITY, FUNCTION, AND CONFORMITY

Line 12

After "This administrative regulation", insert "establishes".

Delete "identifies".

Line 13

After "and horizontal wells", insert the following:

for the purpose of oil or gas extraction

Page 1

Section 1(1) through (3)

Lines 15 through 19

After "(1)", delete the remainder of subsection (1) in its entirety, delete subsection (2) in its entirety, and delete the notation, "(3)".

Page 1

Section 1(3)

Line 19

After ""Blow-out preventer", delete "(BOP)".

After the closing quotation mark", insert "or "BOP"".

Lines 19 and 20

After "on the surface", insert the following:

casing, which is the first and largest diameter casing installed in a well with the primary use to make the bore hole stand up and to protect a fresh water zone layer of strata capable of producing or receiving fluids, or installed on the intermediate casing, which is one (1) or more strings of pipes installed in a well in addition to the surface casing in which each string is smaller in diameter than the previous. The device is used to

Delete "or intermediate casing".

Line 20

After "in the annulus", insert the following:
, which is the space between two (2) strings of casing or between a string of casing and the bore hole wall,

Line 21

After "drill pipe and", insert "that".
Delete "which".

Page 2

Section 1(4) and (5)

Lines 1 and 2

Renumber subsections (4) and (5) as subsections (2) and (3), respectively.

Page 2

Section 1(5) through (7)

Lines 3 through 6

After "by KRS 353.510(16).", insert "(4)".
Delete subsection (6) in its entirety and delete the notation, "(7)".

Page 2

Section 1(7) through (9)

Lines 6 through 9

After "by KRS 353.010(8).", insert "(5)".
Delete subsection (8) in its entirety and delete the notation, "(9)".

Page 2

Section 1(9) through (14)

Lines 10 through 19

After "within that formation.", insert "(6)".
Delete subsections (10) through (13) in their entirety and delete the notation, "(14)".

Page 2

Section 1(14) and (15)

Lines 20 and 21

After "point being measured.", delete subsection (15) in its entirety.

Page 2

Section 2(1)

Line 23

After "operator shall submit", delete "the following".

Page 3

Section 2(1)(a)

Line 1

After "(a) An", insert "Application for Permit".

Delete "application form".

Page 3

Section 2(1)(b)

Line 4

After "in addition to", delete "the following requirements".

Page 3

Section 2(1)(b)1.

Line 5

After "with their respective", delete the opening quotation mark.

Lines 5 and 6

After "Carter Coordinates", delete the closing quotation mark.

Page 3

Section 2(1)(b)3.

Line 8 and 9

After "the proposed producing", insert "formation".

Delete "formation(s)".

Page 3

Section 2(2)(a)

Line 16

After "of a plat", insert "that".

Delete "which".

Page 3

Section 2(2)(d)

Line 23

After "be shown for", delete "all of the following".

Page 4

Section 2(3)

Line 6

After "(3)", insert "Upon".

Delete "When the".

After "permit", insert "issuance".

Delete "is issued".

Page 4

Section 2(4)

Lines 9 and 10

After "submitted within", insert "thirty (30)"

Delete "ten (10)"

Page 4

Section 2(4)(b)

Lines 16 and 17

After "showing the actual", insert "formation".

Delete "formation(s)".

Page 4

Section 2(4)(c)

Line 19

After "the directional survey.", insert "1.".

Line 21

After "or horizontal well.", insert "2.".

After "be made at", insert "200 feet intervals".

Delete "each tool joint"

Page 5

Section 2(5)

Line 4

After "satisfy spacing requirements", insert the following:

in accordance with KRS 353.610 or, for deep wells, 805
KAR 1:100 and KRS 353.651 and 353.652,

Page 5

Section 2(6)

Line 7

After "(6)", insert the following:

A coal operator or owner

Delete the following:

All coal operators or owners

Line 8

After "and cross-section plat", insert "established".

Delete "described".

Line 11

After "required in subsection", insert "(4)".

Delete "(5)".

Page 5

Section 2(7)

Lines 12 and 13

After "satisfy those requirements", insert "established".

Delete "set out".

Line 15

After "shall be held", insert the following:

pursuant to KRS Chapter 13B and 805 KAR 1:100

Page 5

Section 3

Line 16

After "Section 3.", insert "If".

Delete "When".

Line 17

After "casing plan on", insert ", Casing and Cementing Plan".

Line 18

After "and the approval", insert "or denial".

Lines 18 and 19

After "Section 3(1), (2)", insert a comma.

Page 5

Section 4

Line 21

After "of 3,000 psi.", insert "(1)".

Line 23

After "administrative regulation.", insert "(2)".

Page 6

Section 5

Line 3

After "Sections 5, 6", insert a comma.

Page 6

Section 6

Lines 5 and 6

After "this administrative regulation", insert "shall be".

Delete "is".

Page 6

Section 7(1)(a)

Line 9

After "(a) "Application", insert "for Permit".

Delete "Form".

After "ED-1,", insert "June 2004".

Delete "March 1990".